



DEPARTMENT OF THE NAVY

NAVAL CONSTRUCTION BATTALION CENTER
1000 23RD AVENUE
PORT HUENEME CA 93043-4301

IN REPLY REFER TO:
12351
N1/0578
11 DEC 02

From: Commanding Officer, Naval Construction Battalion Center,
Port Hueneme

To: All CED Employees in UIC 62583

Subj: INTEREST SURVEY FOR VOLUNTARY SEPARATION INCENTIVE PROGRAM

Encl: (1) Interest Survey Application
(2) Incentive Calculation Worksheet
(3) HRSC-Southwest Employee Benefits Guide
(4) Retirement Calculation Worksheet (CSRS)
(5) Retirement Calculation Worksheet (FERS)

1. In order to mitigate the potential impact of the Commercial Activity (CA) Study at the Construction Equipment Division (CED), we are conducting a survey of employees whom may be interested in the Voluntary Separation Incentive Program (VSIP). The results of this survey will be used to determine categories and numbers of positions where separation incentives may be offered, in order to lessen the impact of the CA Study. Please understand that **(1) because you volunteer/submit the survey form, this does not guarantee you will be offered VSIP; and (2) by signing and submitting this survey form, you are not committing yourself to any action.**

2. This letter defines the eligibility criteria and explains the computation of the incentive as well as the procedures that will be used to process the incentives, once approved for individual applicants. There are three categories of employees eligible for VSIP defined as follows:

a. **Optional Retirement.** An employee meeting the existing criteria under either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS).

b. **Voluntary Early Retirement Authority (VERA).** An employee who has at least 20 years of service at age 50 or 25 years service at any age may retire when authorized. Employees covered under the CSRS who elect to retire under the VERA will take a reduction in the retirement annuity of two percent (2%) per year for each year they are under age 55. The reduction is 1/6 of one percent (1%) for each full month.

c. **Voluntary Resignation**

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3. The separations will be effective in two periods. First separation period will be effective from 29 January 2003 to 03 March 2003. Second period will be effective 29 August 2003 to 03 September 2003. Your separation must be no later than 03 March 2003 or 03 September 2003. However, your activity head may extend the effective date for a brief period when a compelling need exists.

4. Once you are approved to receive the separation incentive, it will be paid after separation, in lump sum, (less FICA/Medical taxes, Federal income tax withholding and applicable state and local taxes), and shall be the lesser of:

a. \$25,000 or

b. An amount equal to the payment an employee would be entitled to receive under the severance pay formula, which is:

(1) One week's pay at the rate of basic pay received immediately before separation for each year of civilian service up to and including 10 years, PLUS

(2) Two weeks basic pay for each year of civilian service beyond 10 years, PLUS

(3) An age adjustment allowance computed on the basis of 10 percent of the total basic severance allowance for each year you are over age 40 at the time of your retirement or separation. You do not have to be eligible for severance pay in order to receive a separation incentive.

5. Only U.S. citizen employees defined by Section 5897, title 5, United States Code and corresponding Non-appropriate Fund (NAF) employees are eligible for separations incentives. In addition employees:

a. Must be serving under an appointment without time limitation, and must have been employed for a continuous period of at least 12 months,

b. May not be re-employed annuitant,

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c. May not have filed an application for disability retirement, and

d. May not have accepted a position with another Federal Agency.

6. Generally, an employee is not eligible for separation pay if he or she is:

a. Occupying a position defined as "hard to fill," or

b. Subject to a dual compensation waiver, or

c. Receiving a retention allowance, or

d. Covered by a written service agreement resulting from a Permanent Change of Station (PCS) move, training, or receipt of a recruitment relocation bonus; or

e. Occupying a position for which special salary rates are approved.

7. A POSITIVE OR NEGATIVE RESPONSE TO THIS SURVEY IS REQUESTED.

If you do not respond by the requested date, it will be considered to be a negative response. You must complete enclosure (1), and HAND CARRY TO:

Human Resources Office
NCBC, Bldg 1000 (Code N04V)
1000 23rd Avenue
Port Hueneme, CA 93043-4301
Attn: Julie Simental

TO BE CONSIDERED, ALL SURVEY RESPONSES MUST BE RECEIVED BY THE HUMAN RESOURCES OFFICE NO LATER THAN CLOSE OF BUSINESS 23 DECEMBER 2002.

If you are selected to receive an incentive, you will be notified by the Human Resources Office and asked to sign an irrevocable VSIP application. Approval of your application for the VSIP will obligate you to retire or resign. Only those applicants who are approved to receive the VSIP will be notified of the acceptance.

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8. To assist you in considering your response, enclosure (2) is provided as a worksheet upon which you may compute an estimate of your VSIP cash payment. Enclosure (3) provides a brief overview of the benefits associated with the retirement or resignation of an employee. Enclosures (4) and (5) are worksheets to compute an estimate, if eligible, of the applicable retirement annuity. Again, the worksheets provide only an estimate of the VSIP payment or retirement annuity. You may also perform your own retirement estimate on the Internet by accessing www.civilianbenefits.hroc.navy.mil or www.senior.gov/fedcalc.html. For more information regarding separation benefits for retirement, please contact the HRSC-SW, Benefits and Performance Branch, Code 43 at (888) 320-2917.

9. Please note that an employee who accepts a separation incentive is ineligible for re-employment of any kind with the Federal government for a period of 5 years, including appointment to temporary or non-appropriated fund positions or through a personal services contract with a Federal government agency of the United States. If re-employed within 5 years, an individual must repay the total amount of the incentive pay, including any deductions for taxes.

10. For additional information regarding the VSIP, please contact Ms. Julie Simental at the Human Resources Office, DSN 551-2436 or commercial (805) 982-2436.


D. R. COZIER
By direction

INTEREST SURVEY APPLICATION

**A POSITIVE OR NEGATIVE RESPONSE IS REQUESTED
FROM ALL SURVEYED EMPLOYEES**

PRINT NAME: _____ ACTIVITY: _____

SSN: _____ ORG CODE: _____

TITLE/SERIES & GRADE: _____ SALARY: _____

PHONE: _____ CSRS: _____ FERS: _____

Preferred date of separation:

☐ 29 January - 3 March

☐ 29 August - 3 September

CATEGORY: _____ Optional Retirement Eligible
_____ Voluntary Early Retirement Eligible
_____ Voluntary Resignation Eligible

ACTION: _____ I would accept a voluntary separation incentive
if offered. I also understand that this is a
survey only and an expression of interest
does not guarantee an offer.
_____ I would decline a voluntary separation incentive
if offered.

Employee Signature

Date

HAND CARRY TO:

HUMAN RESOURCES OFFICE
NCBC, Bldg 1000 (Code N04V)
1000 23rd Avenue
Attn: Julie Simental
Port Hueneme, CA 93043-4301
Not later than 23 December 2002

RESPONSE IS REQUESTED FROM ALL SURVEYED EMPLOYEES

Enclosure (1)

INCENTIVE CALCULATION WORKSHEET

This is a worksheet on which you can do a rough calculation of what your incentive payment would be.

SEPARATION INCENTIVE CALCULATION

STEP ONE:

Enter amount of **one** week's basic pay (before taxes) \$ _____

Multiply by 10 or the actual number of years of
civilian service if 10 years or less X _____

TOTAL 1 \$ _____

STEP TWO:

Enter amount of **two** week's basic pay (before taxes) \$ _____

Multiply by number of years of civilian service
over 10 years (e.g., if you have 17 years of
service, multiply by 7) X _____

TOTAL 2 \$ _____

STEP THREE:

Add Total 1 and Total 2

Total 3 \$ _____

If you are age 40 or under STOP here. You're incentive
payment will be the amount in Total 3 or \$25,000,
WHICHEVER IS LESS.

STEP FOUR:

If **over** age 40, multiply Total 3 by 10 percent X _____

Total 4 \$ _____

Multiply Total 4 by number of years over age 40 X _____

Total 5 \$ _____

STEP FIVE:

Add Total 3 and Total 5

Total 6 \$ _____

If you are over age 40, your incentive payment will be the amount in Total 6
or \$25,000, WHICHEVER IS LESS.

HRSC Southwest Employee Benefits Guide

Information for Employees Considering Separation Incentive through Optional/Voluntary Early Retirement or Resignation

Retirement

Eligibility for Early Retirement. An employee may apply for optional retirement or retirement under Voluntary Early Retirement Authority (VERA) if all of the following conditions are met.

1. Minimum Age and Creditable Service. The minimum age and creditable service requirement for Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) retirement eligibility are:

CSRS			
OPTIONAL		EARLY	
Age	Service	Age	Service
62	5 years	50	20 years
60	20 years	Any	25 years
55	30 years		

FERS			
OPTIONAL		EARLY	
Age	Service	Age	Service
62	5 years	50	20 years
60	20 years	Any	25 years
MRA*	30 years		
MRA*	10 years		

*To determine the FERS Minimum Retirement Age (MRA), refer to the table below:

If year of Birth is	The Minimum Retirement Age is	If year of Birth is	The Minimum Retirement Age is
Before 1948	55 years	1965	56 years and 2 months
1948	55 years and 2 months	1966	56 years and 4 months
1949	55 years and 4 months	1967	56 years and 6 months
1950	55 years and 6 months	1968	56 years and 8 months
1951	55 years and 8 months	1969	56 years and 10 months
1952	55 years and 10 months	1970 and after	57 years

1953-1964	56 years		
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FERS employees who have at least ten years of creditable service may be eligible to retire with reduced benefits. This retirement option is known as MRA plus ten. Minimum retirement age under this option is between age 55 and 57. An employee who retires under this option will have his/her annuity reduced five twelfths of one percent for each full month (five percent per year) under age 62. This is a permanent reduction. Employees can avoid this reduction by electing to postpone receipt of a retirement annuity until age 62.

2. Minimum Civilian Service. Employees, CSRS and FERS, must have at least 5 years of creditable civilian service to be eligible for VERA.
3. Separation From A Covered Position. Employees, CSRS and FERS, must be separated from a position covered by retirement deductions.
4. One-Out-Of-Two Requirement. A CSRS employee must be covered by CSRS for at least 1 year within the 2 year period immediately preceding the separation on which the annuity is based.

Annuity Reduction. The annuity for CSRS and CSRS Offset employees is reduced one-sixth of one percent for each month (two percent per year) that the employee is under age 55 at the time of retirement. This is a permanent reduction and will not change when the retiree reaches age 55. Employees who were automatically covered by FERS will not have a reduction for early retirement. An employee who transferred to FERS and has a portion of the retirement annuity computed under CSRS rules will have the reduction attached to the CSRS portion of the annuity.

Deposit for Military Service. An employee, who plans to make a deposit for military service, must make the deposit to the Defense Finance and Accounting Service (DFAS) before OPM finalizes the retirement application. Contact the HRSC Southwest for more information regarding deposits for military service.

Deposit/Redeposit Service. Employees may have periods of non-deduction service (deposit) or refunded service (redeposit) that may be creditable for retirement eligibility and/or computation of the annuity. HRSC Southwest can provide counseling regarding the impact of payment or non-payment of deposit/redeposit service.

Survivor Benefits. The options available for election of survivor benefits are:

1. Election of a full survivor benefit for current spouse and/or former spouse.
2. Election of no survivor benefit or less than the full survivor benefit. To elect this option, the spouse must sign a notarized consent form that agrees to the waiver of all or part of the survivor benefit.

For a spouse to continue health insurance coverage after the retiree's death, the employee must elect a survivor benefit and have elected family health insurance coverage.

Thrift Savings Plan

A separating employee may elect to purchase an annuity, request one single payment or a series of equal payments, have funds rolled over to an Individual Retirement Plan (IRA) or leave the money in TSP until a later date. After separation, employees may not make contributions to TSP. However, interfund transfers are allowed after separation. If you have an outstanding loan through the TSP and you leave federal service, you must repay the loan in full, including interest on the outstanding balance. Delay in repaying your loan may affect the processing of your TSP withdrawal. If you do not repay the loan within the required time frame, the TSP will declare a taxable distribution.

Health Insurance

Retirement - Health insurance may be continued into retirement only if the employee was covered by a federal plan (including CHAMPUS) five years immediately prior to the date of retirement or since first opportunity to enroll. Employees who retire under the VERA, or optionally with a Separation Incentive, are not required to meet the five year test, as long as, the employee was covered by health insurance prior to October 1, 1996, and was enrolled on the date of retirement.

If an employee is not eligible to continue health benefits, the coverage will be terminated. Employees will have the opportunity to convert to an individual policy and may elect Temporary Continuation of Coverage (TCC) for up to 18 months of coverage. Employees must pay the full premium, which includes the employee and government share, plus a two percent administrative charge. Employees who voluntarily retire from a surplus position and elect TCC will have to pay only the employee's share of the premium. Employees have 60 days from date of retirement to elect TCC.

Resignation - Health benefits coverage will continue for 31 days after the date of resignation at no cost to the employee. Employees will have the opportunity to convert to an individual policy and may elect Temporary Continuation of Coverage (TCC) for up to 18 months of coverage. Employees must pay the full premium, which includes the employee and government share, plus a two percent administrative charge. Employees who voluntarily resign from a surplus position and elect TCC will have to pay only the employee's share of the premium. Employees have 60 days from date of resignation to elect TCC.

Life Insurance

Retirement - Employees may continue life insurance into retirement if insured five years prior to the date of retirement or since first opportunity to enroll. If an employee is not eligible to continue life insurance into retirement, coverage will be terminated. If terminated,

coverage will continue for 31 days after the effective date of retirement at no cost and the employee will have the opportunity to convert to an individual life insurance policy during this 31 day period.

Resignation – Life insurance coverage is terminated on the effective date of resignation. Coverage will continue for 31 days after the effective date of resignation at no cost and the employee will have the opportunity to convert to an individual policy during this 31 day period.

RETIREMENT CALCULATION WORKSHEET
Civil Service Retirement System (CSRS)

If you are covered by the **CSRS**, use the following steps. (See Information Sheet for retirement eligibility information.)

STEP ONE:

Enter last three years of salary (annualized) \$ _____

\$ _____

\$ _____

Add these figures together **Total 1** \$ _____

STEP TWO:

Divide Total 1 by three and enter result (This is your high-three average salary.)

Total 2 \$ _____

STEP THREE:

Enter number of years of military service. If you are retired military enter 0.

Enter number of years of civilian service

Add these figures together **Total 3** _____

STEP FOUR:

For the first 20 years of service you receive 36.25%

Total 4 36.25%

Enter 2% for each additional year of service over 20 years (e.g., if you have 23 years of service, you would enter 6%)

Add these two percentages together **Total 5** _____ %

STEP FIVE:

Multiply Total 2 by Total 5 **Total 6** \$ _____

Total 6 is your approximate annual annuity under CSRS. If you are under age 55, deduct 2% for each full year under age 55 from Total 6.

RETIREMENT CALCULATION WORKSHEET
Federal Employees Retirement System (FERS)

If you are covered by the **FERS**, use the following steps. (See Information Sheet for retirement eligibility information.)

STEP ONE:

Enter last three years of salary (annualized) \$ _____

\$ _____

\$ _____

Add these figures together **Total 1** \$ _____

STEP TWO:

Divide Total 1 by three and enter result. (This is your high three average salary.)

Total 2 \$ _____

STEP THREE:

Multiply Total 2 by 1% **Total 3** \$ _____

STEP FOUR:

Enter number of years of military service. If you are retired military enter 0.

Enter number of years of civilian service

Add these figures together **Total 4** _____

STEP FIVE:

Multiply Total 3 by Total 4 **Total 5** _____

Total 5 is your approximate annual annuity under FERS.